

Message Text

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ACTION EA-13

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC IMMEDIATE 2658

INFO AMEMBASSY PHNOM PENH

AMEMBASSY VIENTIANE

SECDEF WASHDC

AMCONSUL UDORN

MACTHAI

S E C R E T BANGKOK 6611

LIMDIS

E.O. 11652: GDS

TAGS: MARR, MCAP, TH, LA, CB

SUBJ: AIR AMERICA

REF: A. BANGKOK 5302 AND PREVIOUS

B. STATE 69714 AND PREVIOUS

SUMMARY: SINCE MEETING BETWEEN AMBASSADOR AND MINISTER OF DEFENSE, AIR CHIEF MARSHAL DAWEE (REF A), AIR AMERICA DIRECTOR VELTE AND COMPANY REPRESENTATIVES HAVE MET WITH AIR MARSHAL SOONTORN, DIRECTOR OF THAI/AM, ON TWO SEPARATE OCCASIONS. AS A RESULT OF THESE MEETINGS, IT IS APPARENT THAT THE THAIS ARE IN NO HURRY TO TAKE OVER THE AIR AMERICA UDORN OPERATION BY 30 JUNE. WE ARE THEREFORE RAPIDLY APPROACHING AN IMPASSE THAT IN ALL PROBABILITY WILL NOT ALLOW SUFFICIENT TIME TO MEET AIR AMERICA'S DESIRE TO TERMINATE OPERATIONS AT THE END OF THE CURRENT CONTRACT PERIOD. ONLY WAY WE CAN SEE TO GET THAI MOVING IS TO OFFER TO TURN OVER ESSENTIAL GFE TO THEM. MR. VELTE, WHO IS NOW ENROUTE TO WASHING-

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TON, SHARES THIS VIEW AND WILL BE AVAILABLE FOR STATE/DOD

CONSULTATIONS. WE URGE FULL DISCUSSIONS WITH HIM TO AMPLIFY THE PROBLEM AREAS DISCUSSED IN THIS MESSAGE. END SUMMARY.

1. WE UNDERSTAND THAT IN EARLY 1972 WASHINGTON LEVEL PLANNING COMMENCED TO DISPOSE OF CERTAIN UNIQUE AIR PROPERTIES INCLUDING AIR AMERICA. APPROXIMATELY A YEAR LATER A FIRM DECISION WAS MADE TO DISPOSE OF AIR AMERICA AND STATE/DOD/AID WERE SO NOTIFIED. LATER IN 1973 AIR AMERICA WAS PUT UP FOR SALE BUT A DECISION WAS MADE THAT THE BIDS RECEIVED WERE TOO LOW. MEANWHILE, AFTER OCTOBER 1973, AIR AMERICA OPERATIONS IN THAILAND HAD BECOME A SOURCE OF IRRITATION IN THAI-U.S. RELATIONS. IN EARLY 1974 IN PARTIAL RESPONSE TO A MISSION RECOMMENDATION, A DECISION WAS MADE TO CLOSE OUT AIR AMERICA OPERATIONS IN THAILAND, ALTHOUGH CERTAIN OTHER AIR PROPERTIES ARE STILL UP FOR POSSIBLE DISPOSITION BY SALE. SUBSEQUENTLY, WE DID NOT RECEIVE SUFFICIENT GUIDANCE TO APPROACH THE RTG UNTIL THE MEETING ON 1 APRIL (REF A), OR APPROXIMATELY TWO YEARS AFTER INITIAL PLANNING WAS BEGUN TO DISPOSE OF AIR AMERICA. WE CAN THEREFORE SYMPATHIZE WITH THE RTG VIEW THAT THEY ARE NOT GOING TO BE RUSHED INTO ASSUMING A CONTRACT THAT, FIRST IS SMALL (REF B); AND, SECOND, OF UNCERTAIN DURATION, IN PART DEPENDENT ON THE POLITICAL SITUATION IN LAOS AND THE ABILITY OF THE RLAF TO ATTAIN SELF-SUFFICIENCY.

2. WITH THE INTERNAL POLITICAL PROBLEMS CURRENTLY FACING THE RTG, THEY HAVE MADE IT CRYSTAL CLEAR TO AIR AMERICA NEGOTIATORS THAT THE ASSUMPTION OF THE UDORN CONTRACT IS WAY DOWN ON THEIR LIST OF PRIORITIES. THEY HAVE RECOGNIZED THE DISCREPANCY IN PAY RATES BETWEEN THAI/AM SALARIES IN BANGKOK AND THE HIGHER RATES PAID BY AIR AMERICA IN THAILAND AS A REAL PRACTICAL PROBLEM AND VOICED CONCERN OVER WHAT THEY WILL ULTIMATELY DO WITH THE THAI EMPLOYEES WHOM THEY WOULD INHERIT AS PART OF THE POSSIBLE CONTRACT. FINALLY, IT IS CLEAR THEY CONSIDER IT POLITICALLY UNACCEPTABLE TO CONTINUE TO EMPLOY THIRD-COUNTRY NATIONALS AND THAT ONLY A FEW AMERICAN MANAGEMENT PERSONNEL WOULD BE ALLOWED TO STAY, AND THOSE ONLY ON A YEARLY CONTRACT BASIS. WITHOUT THIS BACKBONE OF ESSENTIAL PERSONNEL, WE ARE DOUBTFUL THAT A THAI INSTRUMENTALITY COULD PRODUCE ADEQUATE MAINTENANCE. HOWEVER, THE TIME CONSUMING PROCESS OF

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TURNING OVER NECESSARY GFE TO THE THAI MIGHT BE USED AS LEVERAGE TO MAINTAIN THIS NECESSARY BACKBONE STRUCTURE FOR SOME TIME TO COME.

3. IN REVIEWING THE GFE LIST PROVIDED MACTHAI, WE NOTE THAT OF THE \$7.2 MILLION INVOLVED, \$5.9 MILLION WAS PURCHASED WITH FUNDS EARMARKED FOR LAOTIAN SUPPORT. OF THIS AMOUNT APPROXIMATELY \$4.7 MILLION IS IN FIXED PROPERTY

AND UTILITY DISTRIBUTION SYSTEMS THAT WOULD, PER PRIOR
AGREEMENT, REVERT TO THE RTG ANYWAY AT SUCH TIME AS THE US
HAS NO FURTHER REQUIREMENT FOR THE FACILITIES. THE REMAINING
\$1.2 MILLION OF LAOS FUNDED MATERIAL IS ASSUMED TO BE ON DEP-
CHIEF'S BOOKS AND DISPOSITION WOULD HAVE TO BE WORKED OUT BY
THEM. AIR FORCE-OWNED GFE EQUIPMENT RUNS TO ABOUT AN ADDI-
TIONAL \$1.3 MILLION, MUCH OF WHICH WE ASSUME COULD NOT BE
ECONOMICALLY RETROGRADED FOR USE ELSEWHERE. FOR EXAMPLE,
SUCH ITEMS AS 4 BICYCLES PURCHASED IN 1961 AT A TOTAL
ACQUISITION COST OF \$170 WOULD NOT APPEAR TO BE LIKELY
CANDIDATES FOR RETROGRADE. IN SUM, IT WILL TAKE SOME TIME TO
EVALUATE WHAT IS ON HAND, TO EVALUATE LAOS REQUIREMENTS, AND
FINALLY TO NEGOTIATE THE TURN OVER OF REMAINING NECESSARY GFE
TO THE THAI. WE SHOULD BE FORTHCOMING I
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